

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION



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COMMISSIONERS

BOB STUMP, Chairman
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BRENDA BURNS
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SUSAN BITTER SMITH

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY'S REQUEST FOR
APPROVAL OF UPDATED GREEN POWER RATE
SCHEDULE GPS-1, GPS-2, AND GPS-3.

DOCKET NO. E-01345A-10-0394

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
APPROVAL OF ITS 2013 RENEWABLE ENERGY
STANDARD IMPLEMENTATION FOR RESET OF
RENEWABLE ENERGY ADJUSTOR.

DOCKET NO. E-01345A-12-0290

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
APPROVAL OF ITS 2013 RENEWABLE ENERGY
STANDARD IMPLEMENTATION PLAN AND
DISTRIBUTED ENERGY ADMINISTRATIVE
PLAN AND REQUEST FOR RESET OF ITS
RENEWABLE ENERGY ADJUSTOR.

DOCKET NO. E-01933A-12-0296

IN THE MATTER OF THE APPLICATION OF UNS
ELECTRIC, INC. FOR APPROVAL OF ITS 2013
RENEWABLE ENERGY STANDARD
IMPLEMENTATION PLAN AND DISTRIBUTED
ENERGY ADMINISTRATIVE PLAN AND
REQUEST FOR RESET OF ITS RENEWABLE
ENERGY ADJUSTOR.

DOCKET NO. E-04204A-12-0297

**NRG SOLAR
NOTICE OF FILING
SURREBUTTAL TESTIMONY**

NRG Solar LLC ("NRG Solar") hereby provides notice of filing the Surrebuttal
Testimony of Diane Fellman in the above-captioned case.

RESPECTFULLY SUBMITTED on May 22, 2013.

Arizona Corporation Commission

DOCKETED

MAY 22 2013



Craig A. Marks

Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd., Ste. 200-676
Phoenix, Arizona 85028
(480) 367-1956 (Direct)
(480) 304-4821 (Fax)
Craig.Marks@azbar.org
Attorney for NRG Solar

**Original and 13 copies filed
on May 22, 2013 with:**

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

**Copy of the foregoing mailed
on May 22, 2013, to:**

Thomas A. Loquvam
Pinnacle West Capital Corporation
400 N. 5th St., MS 8695
Phoenix, AZ 85004.

Michael W. Patten
Roshka Dewulf & Patten PLC
One Arizona Center
400 E. Van Buren St., Suite 800
Phoenix, AZ 85004

C. Webb Crockett
Patrick J. Black
Fennemore Craig
3003 N. Central Ave., Suite 2600
Phoenix, AZ 85012-2913

Kevin Koch
2333 E. 1st St.
P.O. Box 42103
Tucson, AZ 85733

Christopher D. Thomas
Fred E. Breedlove III
Squire Sanders
1 E. Washington, 27th Floor
Phoenix, AZ 85004

Court S. Rich
Rose Law Group, PC
6613 N. Scottsdale Rd., Suite 200
Scottsdale, AZ 85250

Lyle J. Smith
Regulatory Law Office (JALS-RWIP)
Office of the Judge Advocate General
U.S. Army Legal Service Agency
1275 Gunston Road
Fort Belvoir, VA 22060-5546

Greg Patterson
Munger Chadwick
2398 E. Camelback Rd., Suite 240
Phoenix, AZ 85016

Michael L. Neary
Executive Director
AriSEIA
111 West Renee Dr.
Phoenix, AZ 85027

Timothy M. Hogan
Arizona Center for Law in the Public Interest
202 E. McDowell Rd., Suite 153
Phoenix, AZ 85004

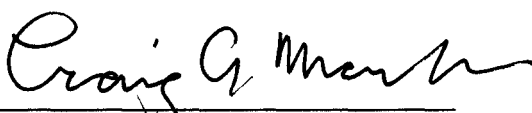
Scott S. Wakefield
Ridenour Hienton & Lewis, P.L.L.C.
201 N. Central Ave., Suite 330
Phoenix, AZ 85004-1052

Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Douglas V. Fant
Law Offices of Douglas V. Fant
655 W. Anthem Way, Suite A-109, PMB 411
Anthem, AZ 85086

By:


Craig A. Marks

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IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY'S REQUEST FOR APPROVAL OF UPDATED GREEN POWER RATE SCHEDULE GPS-1, GPS-2, AND GPS-3.	DOCKET NO. E-01345A-10-0394
IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION FOR RESET OF RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-01345A-12-0290
IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-01933A-12-0296
IN THE MATTER OF THE APPLICATION OF UNS ELECTRIC, INC. FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-04204A-12-0297

**SURREBUTTAL TESTIMONY
OF
DIANE FELLMAN
ON BEHALF ON NRG SOLAR LLC
DATED MAY 22, 2013**

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2 **Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY SUBMITTED BY THE**
3 **PARTIES ON MAY 8?**

4 A. Yes. My surrebuttal testimony will respond to specific proposals and comments.

5 **Q. WHAT IS YOUR ASSESSMENT OF STAFF'S TRACK AND MONITOR**
6 **PROPOSAL?**

7 A. This proposal from Staff is really just a variation of the Track and Reduce proposal
8 contained in TEP's Direct Testimony. NRG does not support either TEP's Track and
9 Reduce proposal or Staff's Track and Monitor proposal. Like TEP's Track and Reduce
10 proposal, Staff's proposal appears to double-count the RECs, which would potentially
11 preclude REC owners from qualifying for independent green certification or meeting
12 their own sustainability goals.

13 **Q. HOW WOULD STAFF'S PROPOSAL DOUBLE COUNT RECS?**

14 A. The RES Rules convert kWhs into RECs on a one-for-one basis and Staff's proposal
15 would reduce the RES requirement, on a kWh per kWh basis, for each utility from all DE
16 systems where no REC transfer occurred. This would appear to double count the RECs,
17 albeit in a negative direction against the DE requirement.

18 Although Staff and TEP believe that Track and Monitor alleviates the intervenors'
19 concern to preserve the value and ownership of RECs, the RES Rules still remain an
20 obstacle for implementing this policy change due to the way RECs are defined.
21 According to The Center for Resource Solutions, RECs or renewable energy can be used
22 only once by a party and another party cannot claim those same RECs or other attributes
23 for Green-e Energy certification.¹ In addition, the sustainability programs of various
24 federal agencies and many companies have the same REC guidelines.

¹ Center for Resource Solutions, *Green-e Energy, National Standard Version 2.3*, at p. 9; http://www.green-e.org/docs/energy/Appendix%20D_Green-e%20Energy%20National%20Standard.pdf

1 **Q. IS IT NECESSARY TO IMPLEMENT THE TRACK AND MONITOR**
2 **PROPOSAL AT THIS TIME?**

3 A. No. As I stated in my direct testimony, the utilities have commitments that exceed
4 compliance levels for both the residential (through 2015) and non-residential (through
5 2019) DE market segments. The Commission needs sufficient time to craft an acceptable
6 long-term solution that ensures not only the property rights of REC owners but also the
7 integrity of RECs.

8 **Q. IS A CHANGE IN THE RES RULES NECESSARY IN ORDER TO ACHIEVE A**
9 **LONG-TERM SOLUTION?**

10 A. Yes. The Commission should institute a new methodology to track compliance with
11 aggregate and annual RES compliance.

12 **Q. DO YOU HAVE A SUGGESTION REGARDING THE NEW METHODOLOGY**
13 **TO TRACK RES COMPLIANCE?**

14 A. Not at this time. The parties should collaborate to develop an acceptable policy that
15 retains the value and property rights of RECs.

16 **Q. HAVE YOU CHANGED YOUR POSITION CONCERNING WHETHER THE**
17 **COMMISSION SHOULD GRANT A TEMPORARY WAIVER FROM THE DE**
18 **REQUIREMENT?**

19 A. Yes. After reading the rebuttal testimony submitted by SEIA and Wal-Mart, NRG now
20 believes it may be helpful for the Commission to grant the utilities a temporary waiver
21 from the DE requirement. This will provide sufficient time for the parties to design an
22 acceptable policy that preserves the value and ownership of RECs.

23 **Q. WHAT IS YOUR RECOMMENDATION TO ADDRESS STAFF'S CONCERN**
24 **THAT THE COMMISSION SHOULD BE AWARE OF ALL DE ENERGY**
25 **PRODUCTION DURING THE PERIOD OF A TEMPORARY WAIVER?**

1 A. One solution would be for the Commission to collect the energy production data from
2 those DE systems that are interconnected to the grid, but receive no cash incentives or
3 compensation for REC transfers. This approach would provide the Commission with a
4 complete picture of how much renewable energy is being produced from all
5 interconnected DE systems. This information would be used strictly by the Commission
6 for informational purposes only, not for the utilities' compliance with the RES Rules. In
7 other words, the utilities would not receive any "credit" from that production, either
8 through a reduction in their DE compliance or for the load required to measure that DE
9 compliance.

10 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

11 A. Yes.